HOW OUR REGION IS PERFORMING

Over the last decade, the Value of Jobs coalition has tracked the growth and expansion of our economy in an annual Economic Check-Up, conducted by ECONorthwest and led by the Portland Business Alliance. This check-up continues to track strong economic expansion, record employment and population growth. At the same time, it also sheds light on continuing challenges, most notably: A lack of housing supply and affordability, increased congestion, and disproportionate prosperity for all.

This report reminds us that policymakers and employers need to work collaboratively, ensuring everyone has access to family-wage jobs.

This report started in 2010 as a method of comparing the region’s current economy to the depths of the recession. It soon transitioned to a measurement of annual progress and recently included a reference check on how we’re doing compared with other U.S. regions.

Trusted bellwethers of economic strength, such as median household income (MHI), educational attainment, industry growth and exports as a share of gross domestic product (GDP), are just a few of the measurements used to evaluate our region’s performance.

New this year, is a deep dive into challenges and opportunities for attracting and retaining jobs in East Multnomah County, which for the purpose of this report we define as the area of the county east of Interstate 205. The total number of jobs in East Multnomah County is 99,216, closely matching Portland’s Central City, which reported a historic threshold of 102,361 jobs in 2017. East Multnomah County is clearly an economic force in the region, yet, our report also highlights serious challenges that need to be addressed through thoughtful collaboration. See East Multnomah County insert.

The 2018 data shows positive trends indicating greater economic equality. However, as expected, the Portland region’s rapid growth in recent years is starting to plateau as we approach a record-long period of economic expansion.
Employment & Housing Stock

Despite the region’s slowing growth, employment and population continue to grow at a faster rate than the national average. In fact, both employment and population in the Portland region have grown by 27 percent since 2000. Where our region falls short is its housing supply. The gap between the employment and population growth in the region, and the change in supply of housing units continues to be a challenge. Producing fewer units of housing than the region’s population growth has put pressure on prices and prolonged the housing affordability crisis. See Figure 1.

A key measurement that points to the slowing of our economy is the change in employment growth since 2010. The Portland region’s annual employment growth has exceeded the national average every year since 2011. Our region hit peak employment growth in 2015 at 3.34 percent, and since then, the rate of growth has slowed to 2.3 percent in 2018. See Figure 2.

The fastest-growing industry, construction, saw its growth slow to 7 percent in 2018, compared to the 11.5 percent experienced in 2017. Despite this trend, the construction industry still remained above the 4 percent growth experienced at the national level. The Portland region’s largest industry, education and health services, saw a 4 percent uptick since 2017, to nearly 183,000 jobs this past year.

As was the case in 2017, MHI by race and ethnicity show continued gains. In fact, all groups earned more in 2017 than in 2010. However, disparities remain, as prosperity is not shared equally.

Though the population size is too small to accurately track annually, a five year average shows American Indian/Alaska Native and Native Hawaiian/Pacific Islander MHI is well behind White households at $55,844. Coupled with a rising cost of living, these disparities may increase the likelihood of geographic and economic displacement among the region’s communities of color unless this inequality is addressed. See Figure 5.
Prosperity & Productivity

This category measures output and efficiency, income and traded-sector activity for all six peer regions. Portland led in MHI growth last year. This growth indicates more equitable gains across low-, middle- and high-income households compared to per capita income, which is generally skewed by the top 1 percent of earners. Although per capita income does not capture the distribution of income, it is still an important measure of regional economic prosperity. For the first time since the depths of the recession, per capita income in the Portland region surpassed the U.S. metro average. See Figure 8.

Opportunity & Affordability

This category includes a variety of economic measures that have direct social impacts, including income inequality, commute times, poverty rates and housing costs. Consistently, one of Portland’s most urgent challenges is housing affordability, which has an impact on continued prosperity and competitiveness throughout the region. Compared to other regions, Portland has the largest share of cost-burdened households, for both renters and owners. See Figure 17 on back page.

As housing costs consume more of a household’s income, the strong growth in MHI becomes less impactful – and, as longtime residents are pushed further from job centers, commutes longer than 30 minutes have climbed 6 percent since 2010, trailing only Seattle, which saw an 8 percent increase during the same period.

Importantly, the Portland region’s Gini index, which tracks distribution of wealth, measured better than all regions except Salt Lake City. Despite this positive news, the Portland region maintains a persistently high-level of households living below the poverty line.

Climate for Workforce & Investment

This category measures labor force characteristics, startup firms, and employment and population statistics for each region. Both Portland and our peer regions, are becoming better educated. In fact, Portland now boasts nearly 50 percent of residents with an associate’s degree or higher, an increase of more than 9 percent since 2010. Occupations in science, technology, engineering and mathematics (STEM) have declined slightly since last year. Despite this, Portland still leads Nashville, Indianapolis and Salt Lake City in this measure.

*NOTE: In this report, the Portland region refers to the Metropolitan Statistical Area (MSA) of Portland-Vancouver-Hillsboro, OR-WA. Metrics in this report also compare the Portland region to other metropolitan “peer” regions such as Nashville, Salt Lake City, Austin, Seattle and Indianapolis. These comparator regions were selected in an effort to put Portland in a more realistic national context based on a number of indices found in U.S. Census Data.*
Portland and Nashville alone saw increases in the share of workforce employed at a young business, reinforcing the regions’ global entrepreneurial reputations.

Population growth is slowing in the Portland region after many years of steady increase. This is the case for all age groups, and more troubling, for those between the ages of 25-34. This group has been a strong growth demographic for in-migration in recent years, contributing to the vitality of the region. See Figures 25 and 26 online.

For the full report, including interactive charts and why this matters, visit: ValueofJobs.com/2018.

WHY THIS MATTERS

Good news for the region:
- Population and job growth exceed U.S. average.
- Residents are becoming better educated.
- Strong growth in the foreign-born population with a bachelor’s degree or higher.
- Manufacturing remains a stronghold.
- Personal income surpassed the U.S. metro average per capita for the first time.
- International trade leads all regions except Seattle.

Opportunities & Challenges
Housing affordability remains perhaps the most pressing problem our region faces. The short run challenge is to protect households who are most vulnerable.

The growth in MHI across all households is a highlight this year. Though income inequality is less pronounced in Portland relative to comparator regions, Black and Latinx families have MHI’s far below other racial and ethnic groups in the region. Addressing this disparity requires collaboration between the public and private sectors.

East Multnomah County
Inequalities become more pronounced from a geographic perspective. Long overdue for meaningful public and private collaboration, we must look at East Multnomah County’s needs, and where there is opportunity for policies to retain and attract jobs for residents. Currently, a majority of residents in the area aren’t working near where they live, straining the regional transportation network and increasing the cost of commuting for those earning less than the regional MHI. East Multnomah County has tremendous assets, challenges and opportunities. Employers and policymakers should prioritize solutions that support balanced growth for residents and for a resilient future.

Focus on the future
This report makes clear the imperative to focus on economic disparities if our region is to continue its strong economic performance. As our community continues to grow, this annual report will serve as a key tool for policymakers and stakeholders to identify areas of focus to ensure a world-class region with opportunities and prosperity for all.